

ANNUAL REPORT 1969

AR07

manitou-barvue mines limited





manitou-barvue mines limited

OFFICERS

Daniel L. Marcus President
Morton R. Goldhar Vice-President and Treasurer
Gordon R. Cameron Vice-President, Operations
Irwin Singer Secretary

DIRECTORS

John M. Boyd Toronto, Ontario
Gordon R. Cameron Malartic, Quebec
Bronius Duda Kagawong, Ontario
Rolland L. Ehrman Butler, Pennsylvania
Morton R. Goldhar Toronto, Ontario
David Hoffman Hamilton, Ontario
Daniel L. Marcus Ottawa, Ontario

MINE MANAGER

R. George Muscroft, B.A.Sc., P.Eng. Val d'Or, Quebec

CONSULTING GEOLOGIST

Denis R. Agar, B.Sc., Eng. Val d'Or, Quebec

AUDITORS

Thorne, Gunn, Helliwell & Christenson Toronto, Ontario

BANKERS

The Bank of Nova Scotia Toronto, Ontario

REGISTRAR and TRANSFER AGENT

Guaranty Trust Company of Canada Toronto, Ontario

SHARE LISTING

Toronto Stock Exchange Toronto, Ontario

HEAD OFFICE

Suite 908, 7 King Street East Toronto 210, Ontario

MINE OFFICE

Box 1500 Val d'Or, Quebec

Report of the Directors

To the Shareholders:

Your directors submit their report for the year ended 31 December, 1969. Included herein are the report of the Mine Manager and the audited financial statements.

General Review

The year was one of transition for your Company. With the run-down of copper ore reserves, both the grade and tonnage of copper ore treated fell about 40% below average figures for prior years and the production of copper declined by 60% from 4,492,040 lbs. in 1968 to 1,785,263 lbs. in 1969. During the year, however, the silver-zinc ore reserves were significantly increased in both grade and tonnage, and there is every indication that the Company will be able to develop additional silver-zinc ore at a rate at least equal to its annual production over the next few years. Details of proven ore reserves at year end are contained in the accompanying Mine Manager's report.

The mill facilities were reorganized to permit the treatment of 800 tons per day of silver-zinc ore and by year end silver-zinc reserves were developed sufficiently to achieve a production rate of 800 tons per day.

A custom milling agreement was concluded with Louvem Mining Company Inc. under which the copper ore mined at its Louvicourt Township property will be treated at your Company's mill at a minimum rate of 20,000 tons per month and at a maximum rate of 25,000 tons per month. This custom milling contract will necessitate the expansion of the mill to increase capacity from 1,300 tons per day to 1,600 tons per day. This work is at present underway, at a capital cost of \$300,000., with completion scheduled for July, 1970. Custom milling of Louvem's ore is slated to begin on 1 August, 1970.

Financial

A net loss of \$198,455. was incurred in 1969 as compared with a net profit of \$232,847. in 1968. The year's loss is attributable primarily to the lower grade and tonnage of copper ore treated with a resultant increase in operating costs per ton. Other factors contributing to the year's loss were higher wages and costs of supplies and the recommencement of interest charges on the outstanding debentures. During the year, \$382,708. principal amount of the Company's outstanding 5% convertible debentures were converted into common shares at the conversion rate of \$1.50 per share.

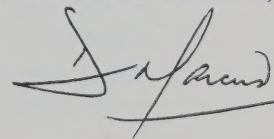
Outlook for 1970

It is expected that production of silver-zinc ore will increase to an estimated 280,000 tons in 1970 as compared with 199,000 tons in 1969. The major source of mine revenue will be the production of silver which is estimated will approximate 750,000 ounces in 1970 or about double 1969 production. This increased treatment of silver-zinc ore coupled with substantially higher mill heads, and augmented with revenue to be derived from the custom milling of copper ore from Louvem Mining Company beginning in August, 1970, indicate that an operating profit in excess of \$600,000. should be achieved in 1970.

Acknowledgements

During the year a number of additions and changes were made to the Company's mine staff to reflect the emphasis placed by your new board of directors on exploration and development, increased productivity, more effective utilization of assets and profitability. Mr. R. G. Muscroft was appointed Mine Manager and Mr. D. R. Agar and Mr. V. Popov were appointed Consulting Geologist and Chief Geologist respectively. To these new and other members of the mine staff, your Directors wish to express their appreciation for the results achieved during the transitional year of 1969. The continued interest and support of the Company's shareholders are also acknowledged.

On behalf of the Board,



President.

12 May, 1970.

Report of the Mine Manager

To the President and Directors:

This report summarizes the results of operations at the Company's mine in the Val d'Or area, Quebec for the year ended 31 December, 1969, together with comparative statistics, where applicable, for the previous year.

milling

The copper milling section processed 170,070 tons of ore during the year compared with 285,160 tons in 1968. The grade of ore treated averaged 0.54% copper, as compared with 0.83% copper in 1968. The decrease in tonnage was due to an insufficient number of working places from which to draw the ore to maintain the mill operating at full capacity.

In the zinc section of the mill 198,605 tons of ore were treated compared with 181,250 tons in 1968. During the year, the facilities at the mill were reorganized to permit the processing of 800 tons per day of zinc ore and 500 tons per day of copper ore.

The following table compares the grade of zinc ore treated in 1969 with that treated in 1968:

| | 1969 | 1968 |
|--------------|-----------|-----------|
| Zinc | 2.72% | 2.20% |
| Gold | 0.032 oz. | 0.036 oz. |
| Silver | 2.27 oz. | 0.81 oz. |
| Lead | 0.20% | 0.08% |

The table below gives comparative metal production of 1969 and 1968:

| | Amount Produced 1969 | Amount Produced 1968 |
|--------------|-------------------------|-------------------------|
| Zinc | 9,470,558 lbs. | 7,111,958 lbs. |
| Lead | 678,513 lbs. | 209,084 lbs. |
| Copper | 1,785,263 lbs. | 4,492,040 lbs. |
| Silver | 380,538 ozs. | 125,158 ozs. |
| Gold | 6,239 ozs. | 9,503 ozs. |

mining and exploration

The major development program for the year was the preparation of the silver zinc orebody near section 23,200 east and above the 660 level. At year end preparation was 80% completed with regular production therefrom scheduled to begin in March, 1970.

Drift renovation of the western section of the mine has continued with the work confined to the 810 level and 1410 level. Preliminary work indicates ore grade material will be salvageable from the old shrinkage stope pillars. Ore grade material is also indicated between the old stopes.

Exploration of the east section of the mine in the area of the block being prepared for production has proved two additional small ore-bodies.

An exploration program was initiated to maintain sufficient ore reserves to keep the copper circuit in the mill operating until such time as ore is available from Louvem Mining Company Inc. for custom treatment. Two orebodies, one on the 960 level and the other on the 2130 level are the result; these will provide sufficient copper ore for the purpose.

In 1969 there was a net increase in zinc ore reserves of approximately 535,000 tons, after mining 199,000 tons. At year end the copper ore reserves had a net decrease of 30,000 tons after mining approximately 170,000 tons.

During 1969 substantial increases to the silver-zinc ore reserves were developed from the areas outlined in this report, details of which are shown hereunder.

ore reserves

The proven reserves at 31 December, 1969 are listed in the following table. These figures include an allowance for dilution.

ore reserves 31 december, 1969

| Zinc Ore | Tons | Ozs. Gold | Average Grade | | % Lead |
|---|----------------|--------------|----------------|-------------|-------------|
| | | | Ozs. Silver | % Zinc | |
| Broken Ore | 128,000 | .016 | 2.77 | 3.15 | 0.21 |
| Solid Ore in Stopes | 83,000 | .016 | 3.32 | 2.09 | 0.41 |
| Pillars and Stopping Blocks Solid | 617,000 | .016 | 5.32 | 2.15 | 0.40 |
| Total Zinc Ore | 828,000 | .016 | 4.72 | 2.30 | 0.37 |

| Copper Ore | Tons | Ozs. Gold | Ozs. Silver | % Copper | |
|-------------------------------|---------------|--------------|----------------|-------------|--|
| | | | | | |
| Broken Ore | 8,000 | .016 | 0.10 | 0.58 | |
| Solid Ore | 72,000 | .018 | 0.14 | 1.03 | |
| Total Copper Ore | 80,000 | .016 | 0.14 | 0.98 | |

costs

Tabulated below are mine operating costs for the year 1969 compared with similar costs in 1968.

| | 1969 cost per ton milled | 1968 cost per ton milled |
|------------------------|--------------------------------|--------------------------------|
| Mining | 3.92 | 3.07 |
| Development | .42 | .30 |
| Milling | 1.36 | 1.06 |
| Marketing | .05 | .03 |
| General expenses | 1.49 | 1.14 |
| | <u>\$ 7.24</u> | <u>\$ 5.60</u> |

These increases in costs result from a decrease in tonnage milled which was not offset by a corresponding decrease in the number of persons employed at the mine, increased wage rates effective 14 April, 1969 and general increases in the costs of supplies.

R. G. MUSCROFT,
Mine Manager.

11 May, 1970.

balance sheet **DECEMBER 31, 1969**
(with comparative figures at December 31, 1968)

assets

Current Assets

Cash
Accounts receivable
Concentrates and precipitates (note 2)
Prepaid expenses

Other Assets

Operating supplies, at cost
Special refundable tax

Investment in Shares of Another Company, at cost
(quoted market value \$100,000)

Fixed Assets

Mine buildings, plant and equipment, at cost
Less accumulated depreciation (note 1)

Mining lands and rights, including surface rights, acquired for 123,897 shares of capital stock valued at \$150,846 and \$90,651 cash

liabilities

Current Liabilities

Accounts payable and accrued liabilities
Quebec mining tax payable

Provision for Severance Pay

Long-Term Liabilities

5% Convertible sinking fund debentures (note 3)
In U.S. funds
In Canadian funds

Total liabilities

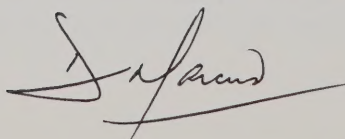
CAPITAL STOCK AND DEFICIT

Capital Stock (note 6)

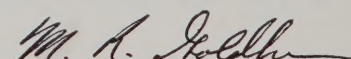
Authorized — 8,500,000 shares of \$1 par value
Issued or to be issued — 3,442,259 shares (3,040,171 shares in 1968)
Less discount thereon (net)

Deficit (note 1)

Approved by the Board



Director



Director

manitou-barvue mines limited

(Incorporated under the laws of Ontario)

1969

1968

| | |
|--------------------|--------------------|
| \$ 250,531 | \$ 312,923 |
| 2,234 | 1,491 |
| 626,814 | 721,386 |
| 9,832 | 5,106 |
| <u>889,411</u> | <u>1,040,906</u> |
| 263,584 | 257,848 |
| | 1,998 |
| <u>263,584</u> | <u>259,846</u> |
| 120,333 | |
| 517,169 | 500,840 |
| 488,675 | 475,663 |
| <u>28,494</u> | <u>25,177</u> |
| 241,497 | 241,497 |
| 269,991 | 266,674 |
| <u>\$1,543,319</u> | <u>\$1,567,426</u> |

| | |
|------------------|------------------|
| \$ 219,566 | \$ 219,081 |
| 1,576 | 14,700 |
| <u>221,142</u> | <u>233,781</u> |
| <u>175,338</u> | <u>150,758</u> |
| 1,053,229 | 1,069,029 |
| 52,675 | 419,583 |
| <u>1,105,904</u> | <u>1,488,612</u> |
| <u>1,502,384</u> | <u>1,873,151</u> |

| | |
|--------------------|--------------------|
| 3,442,259 | 3,040,171 |
| 461,839 | 604,866 |
| <u>2,980,420</u> | <u>2,435,305</u> |
| <u>2,939,485</u> | <u>2,741,030</u> |
| 40,935 | (305,725) |
| <u>\$1,543,319</u> | <u>\$1,567,426</u> |

auditors' report

To the Shareholders of
Manitou-Barvue Mines Limited

We have examined the balance sheet of Manitou-Barvue Mines Limited as at December 31, 1969 and the statements of income, deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, after giving effect in that year to the changes in accounting practice explained in note 1 to the financial statements, with which changes we concur.

THORNE, GUNN, HELLIWELL &
CHRISTENSON
Chartered Accountants

Toronto, Canada
January 23, 1970

manitou-barvue mines limited

notes to financial statements YEAR ENDED DECEMBER 31, 1969

1. CHANGES IN ACCOUNTING PRACTICE

- (a) In 1969, the company has changed its accounting practice to reflect depreciation of fixed assets in the accounts at an annual rate of 12½% of cost. This change in accounting practice has been retroactively applied, with the deficit at January 1, 1968 having been adjusted by \$451,617, and a charge being provided in the statement of income for 1968.
- (b) Net income for the year ended December 31, 1968 differs from that reported in the financial statements of that year as the gain on purchase for cancellation of 5% convertible sinking fund debentures previously carried directly to deficit has been reflected in the statement of income.
- (c) Certain other figures for 1968 including provision for severance pay have been reclassified to conform with financial statement presentation adopted for 1969.

2. CONCENTRATES AND PRECIPITATES

Concentrates and precipitates have been valued at the domestic market value of metals on the date of shipment from the mine. The vending agent at his option, may sell metals in the export market and because metals have been sold in the export market at higher prices than domestic market values and because of fluctuation in metal values the final proceeds from sales received subsequent to December 31, 1969 may exceed their estimated value by up to \$160,000 (\$170,000 in 1968).

3. CONVERTIBLE SINKING FUND DEBENTURES

Principal

The 5% convertible sinking fund debentures mature December 31, 1977. Sinking fund requirements have been met to December 31, 1968 and a supplemental indenture provides that no further sinking fund payments are required until 1974.

The debenture holders have the right under a supplemental indenture to convert their debentures into shares of the company at \$1.50 Cdn. per share to December 31, 1973. During the year 255,975 shares were issued on conversion (1968, 140,498 shares) and 807,484 shares remain reserved for future conversions. The premium on shares issued has been credited to discount on shares.

Interest

The interest for the years 1969 to 1973 inclusive, may, at the option of the company, be paid in shares (interest for 1968 was waived) and accordingly 63,234 shares valued at market value, as defined in the supplemental indenture, have been issued in payment of the 1969 interest of \$58,808.

4. PROVISION FOR MINING TAX

Assessments respecting duties payable under the Quebec Mining Act for the years ended December 31, 1959 to 1962 inclusive are being contested. An adverse decision could result in additional liabilities of approximately \$85,000.

5. INCOME TAXES

No provision for income taxes is required. Amounts totalling approximately \$11,000,000 (principally capital cost allowances) are available for deduction from future taxable income.

6. CAPITAL STOCK

| | No. of shares and par value | Discount (Premium) | Net |
|--|--------------------------------|-----------------------|-------------|
| Balance December 31, 1967 | \$2,899,673 | \$ 675,118 | \$2,224,555 |
| Issued during year on conversion of debentures | 140,498 | (70,252) | 210,750 |
| Balance December 31, 1968 | 3,040,171 | 604,866 | 2,435,305 |
| Issued or to be issued during the year | | | |
| On conversion of debentures | 255,975 | (126,733) | 382,708 |
| For shares of another company | 82,879 | (20,720) | 103,599 |
| In settlement of debenture interest | 63,234 | 4,426 | 58,808 |
| | 402,088 | (143,027) | 545,115 |
| Balance December 31, 1969 | \$3,442,259 | \$ 461,839 | \$2,980,420 |

Options

At December 31, 1969 there were outstanding options to employees to purchase 50,000 shares of capital stock of the company and exercisable at \$1.00 per share at the rate of 10,000 shares annually during the five year period, November 5, 1969 to November 4, 1974.

7. CUSTOM MILLING AGREEMENT

Under the terms of an agreement with Louvem Mining Company Inc. dated November 20, 1969, the company has agreed to treat copper bearing ore from Louvem's property. The company intends to make such capital expenditures as may be necessary to expand its mill to concentrate such ore.

8. OTHER STATUTORY INFORMATION

Direct remuneration of directors and senior officers (as defined by The Corporations Act) is as follows:

| | 1969 | 1968 |
|------------------|-------------------|------------------|
| Directors | \$ 27,650 | \$ 13,875 |
| Senior employees | 81,348 | 63,700 |
| | <u>\$ 108,998</u> | <u>\$ 77,575</u> |

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Manitou-Barvue Mines Limited

MINE OFFICE
VAL D'OR, QUE.

HEAD OFFICE - 25 ADELAIDE ST. WEST
TORONTO, CANADA

TO THE SHAREHOLDERS OF MANITOU-BARVUE MINES LIMITED

Dear Fellow Shareholders:

You will have received the Financial Statements, President's Report and General Manager's Report of Manitou-Barvue Mines Limited as well as forms of proxies soliciting your votes for the present Board of Directors. Since their issuance, you undoubtedly will also have received letters from two other shareholders soliciting your proxies.

The letter from the other shareholders is misleading in that it asks you to compare the holdings of the slate of nominees for the Board of Directors suggested by them with that of the existing Board of Directors. It is stated that with the exception of Mr. R. L. Ehrman, the current Directors hold only 382 shares of the Company. They also state that the slate of nominees named by them own or represent 810,289 shares of the Company but this includes the 428,489 shares represented by Mr. Ehrman. They fail to point out that Messrs. Cummings, Thomas, Urie and I represent 423,852 common shares of the Company owned by Quebec Manitou Mines Limited. Moreover, they have implied that Mr. Ehrman, who represents the Phillips Oil & Gas Company and its associated companies in the holding of 428,489 shares, will vote his proxies in favour of their slate of nominees. This is in fact incorrect that Mr. Ehrman has already deposited his proxy in favour of the slate of nominees proposed by Management, this clearly indicating his confidence in present management. Quebec Manitou Mines Limited has also deposited its proxy in favour of the present management.

We ask you to consider the advisability of having persons apparently deliberately misleading shareholders in such material matters in soliciting your support for their election to the Board.

The slate of nominees proposed by Management, who are now Directors of the Company, is as follows:

J. E. Copeland, President and Director Chairman of the Board, Director and General Manager of Quebec Manitou Mines Limited, and President, J. E. Copeland Company Limited, General Contractors.

J. I. Cummings, Director President, Quebec Manitou Mines Ltd.

| | |
|--------------------------------------|--|
| R. L. Ehrman, Director | Vice-President, T. W. Phillips Gas and Oil Co., Butler, Penn. |
| T. A. Mansfield, Director | President, Mansfield Realty Ltd., Hamilton, Ontario. |
| A. J. Thomas, Director | Secretary-Treasurer and Director, Quebec Manitou Mines Limited. |
| J. J. Urie, Q.C., Director | Director and Legal Counsel, Quebec Manitou Mines Ltd. and Dustbane Enterprises Limited. |
| G. D. Pattison, C.A., Director | Secretary-Treasurer, Manitou-Barvue Mines Limited; Vice-President, Perry-Pattison Limited, Corporate Secretaries; Director, International Mogul Mines Limited. |

The management of the Company is as follows:

| | |
|--------------------------------|--|
| William James, Jr., Ph.D. | Consulting Geologist and General Manager, Manitou-Barvue Mines Limited; Doctor of Geology; Director, Noranda Mines Limited; Parner, James, Buffam & Cooper, Consulting Geologists. |
| A. K. Campbell, B.Sc. | Mine Manager. |

All of the present members of the Board of Directors and Management have had years of experience in mining.

On July 1, 1967 when present management took office, the Company was showing a loss. By December 1, 1967 the Company showed a profit and this profit continued through 1968, and for the year ended December 31, 1968, the Company's profit was \$232,893. This profit was realized after paying for exploration, development and drilling of our new zinc-silver ore bodies and in view of the increased prices of silver and copper it was possible for us to investigate areas that had been previously abandoned.

As of April 1, 1969, the ore reserves are indicated as 833,000 tons of zinc-silver ore and 60,000 tons of copper ore. This will enable us to supply our Mill with mill feed for the next three years. Great care has been taken by your Board to keep you informed of progress in development as and when **established** quantities of ore were ascertained.

We are continuing to explore, develop and drill further levels which should give the Company additional tonnage and we shall advise you as soon as possible.

To provide the financial assistance required to proceed with these new developments, Phillips Gas and Oil Company, and its associated companies, which are the major debenture holders, have waived interest on the debentures for each of the past six years. They have also waived the sinking fund payment which was due by May 15, 1969.

Quebec Manitou Mines Limited also waived the interest on the \$705,000 of debentures it held for many years and then it sold its debentures back to Manitou-Barvue Mines Limited at 60¢ on the dollar.

Both Phillips Gas and Oil Company and Quebec Manitou Mines Limited have been approached to sell their holdings to other interests but demonstrated their faith in the Company and its management by refusing to do so.

We would ask all shareholders who are interested in seeing the further development of this Company continue to vote their proxies for present management.

In the event that you have already deposited your proxies in favour of the slate proposed by the other shareholders and in light of the information given to you in this letter you wish to reconsider revocation of such proxy, we would ask that you indicate your support of Management's slate of nominees by signing the enclosed proxy, dating it and mailing it today to Manitou-Barvue Mines Limited, % The Guaranty Trust Company of Canada, 88 University Avenue, Toronto 1, Ontario. This will have the effect of revoking your earlier proxy. If your shares are registered in the name of your broker or bank, we would request you to instruct them to date and sign the enclosed proxy and forward it to the above-mentioned address.

We sincerely hope that the great improvement in the position of the Company since the present Board of Directors assumed office on July 1, 1967 will lead you to conclude that the long range best interests of the Company are served by the continuation of the present members of the Board of Directors and Management.

Yours truly,

J. E. COPELAND,
President.

Toronto, Ontario,
June 18, 1969.

MANITOU-BARVUE MINES LIMITED

PROXY

Annual and Special General Meeting of Shareholders June 16, 1970

This Proxy is Solicited by Management of the Company

The undersigned shareholder of MANITOU-BARVUE MINES LIMITED hereby nominates, constitutes and appoints D. L. Marcus, or failing him, M. R. Goldhar, or failing him, R. L. Ehrman (or), as proxy of the undersigned to attend and vote for and on behalf of the undersigned at the Annual and Special General Meeting of Shareholders of the Company to be held on the 16th day of June, 1970, and at any adjournment or adjournments thereof.

The undersigned authorizes that the shares registered in the name of the undersigned shall be voted by the nominee as follows:

- | | |
|----------------------------------|---|
| <input type="checkbox"/> FOR | Approving the Annual Report, Financial Statements for the year ended December 31, 1969, |
| <input type="checkbox"/> AGAINST | and the report of the auditors thereon. |
| <input type="checkbox"/> FOR | The election of seven directors as named in the Information Circular. |
| <input type="checkbox"/> AGAINST | |
| <input type="checkbox"/> FOR | Changing the location of the head office of the Company from the City of Toronto to |
| <input type="checkbox"/> AGAINST | the City of Ottawa. |
| <input type="checkbox"/> FOR | The appointment of Messrs. Thorne, Gunn, Helliwell and Christenson as Auditors of the |
| <input type="checkbox"/> AGAINST | Company. |

This proxy will be voted in accordance with the directions given. **UNLESS A SPECIFIC INSTRUCTION IS INDICATED, THIS PROXY WILL BE VOTED FOR** approval of the Annual Report, Financial Statements and report of auditors, **FOR** the election of the management nominees as Directors, **FOR** the change in location of the head office of the Company, and **FOR** the re-appointment of Thorne, Gunn, Helliwell and Christenson, Chartered Accountants, as auditors all of which is set forth in the Information Circular dated May 20, 1970 receipt of which is hereby acknowledged.

This proxy confers authority for the above-named to vote in his discretion with respect to amendments or variations to the matters identified in the notice of meeting or other business as may properly be brought before the meeting.

To be valid, this Proxy must be received by the Company, or its agent, Guaranty Trust Company of Canada, not later than 12:00 noon, Eastern Daylight Saving Time, on the 15th day of June, 1970.

This proxy revokes and supersedes all proxies of earlier date.

DATED this day of June, 1970.

Proxy must be dated.

Name
Please Print

.....
Signature of Shareholder

Notes:

1. Where the instrument is signed by a corporation, its corporate seal must be affixed or it must be signed by an officer or attorney, duly authorized.
2. If the appointor does not wish to appoint any of the persons named in the above instrument of proxy, he should strike out their names and insert in the blank space provided, the name of the person he wishes to act as his proxy. In such event the proxy will vote in accordance with the instructions given to him by the shareholder giving such proxy. Such proxy need not be a shareholder of the Company.
3. Each shareholder who is unable to attend the meeting is respectfully requested to date and sign the instrument of proxy and return it using the addressed envelope provided.

MANITOU-BARVUE MINES LIMITED

NOTICE OF ANNUAL AND SPECIAL GENERAL MEETING OF SHAREHOLDERS JUNE 16, 1970

TAKE NOTICE that the Annual and Special General Meeting of Shareholders of MANITOU-BARVUE MINES LIMITED will be held in the York Room, King Edward Sheraton Hotel, 37 King Street East, Toronto, Ontario, Canada, on Tuesday, the 16th day of June, 1970, at the hour of 11:00 o'clock in the forenoon, Eastern Daylight Saving Time, for the following purposes:

1. To receive and consider the Annual Report and the Financial Statements of the Company for the year ended December 31, 1969, and the report of the auditors thereon;
2. To elect seven Directors;
3. To appoint auditors and authorize the Directors to fix their remuneration;
4. To consider and, if thought fit, to approve, ratify and confirm a special resolution passed by the Directors of the Company on the 12th day of May, 1970, changing the location of the head office of the Company from the City of Toronto to the City of Ottawa;
5. To transact such other business as may properly come before the meeting or any adjournment thereof.

The Annual Report, Information Circular and Proxy are enclosed with this Notice.

Shareholders who are unable to attend the meeting in person are requested to date, sign and return in the envelope provided for that purpose, the enclosed form of Proxy. To be valid such Proxy must be received by the Company, or its agent, Guaranty Trust Company of Canada, not later than 12:00 noon, Eastern Daylight Saving Time, on Monday, the 15th day of June, 1970.

By Order of the Board of Directors

IRWIN SINGER,
Secretary.

Toronto, Ontario
May 20, 1970.

Options to Purchase Securities

By resolution of the Board of Directors dated October 25th, 1969, the Company established a stock option plan for the officers and key employees of the Company. Pursuant thereto options were granted to four key employees of the Company to purchase an aggregate of 50,000 shares of the Company at the price of \$1.00 per share. These options are exercisable over a period of five years at the rate of 20% per year on a cumulative basis, are not assignable, and are exercisable only during the optionees' employment, subject to certain exceptions in the event of the optionees' death. None of these options have as yet been exercised.

Appointment of Auditors

It is intended that the persons named in the proxy will vote for the re-appointment of Messrs. Thorne, Gunn, Helliwell & Christenson, Chartered Accountants, to serve as Auditors of the Company until the next Annual Meeting of Shareholders.

Change in Location of Head Office

A resolution will be presented to the shareholders to approve and confirm a special resolution passed by the Board of Directors of the Company on the 12th day of May, 1970, changing the location of the head office of the Company from the City of Toronto to the City of Ottawa. This resolution, being a special resolution, requires the approval of at least two-thirds of the votes cast at the meeting.

Other Matters

The Annual Report, the Financial Statements and the Report of Auditors for the fiscal year of the Company ended December 31, 1969, will be submitted to the Meeting of Shareholders for approval. The management of the Company does not know of any matters other than those set forth in the Notice of Meeting to be brought before the Meeting. Should other matters properly come before the Meeting or any adjournments thereof, it is the intention of the persons named in the enclosed proxy to vote in accordance with their judgment on such matters.

DATED: May 20, 1970.

